

MEMO

To: ABAG Executive Board
From: Ken Kirkey, ABAG Director of Planning and Research
Date: May 17, 2012
Subject: Regional Housing Need Allocation (RHNA) Methodology (2014-2022)

I. Recommendation

Staff recommends that the ABAG Executive Board approve the DRAFT Regional Housing Need Allocation (RHNA) Methodology and the preliminary Subregional Shares for the fifth cycle: 2014-2022. Since January 2011, ABAG and MTC have been working with members of the Housing Methodology Committee (HMC) to develop the specific RHNA methodology for the Bay Area. Discussions have focused on how best to promote consistency between RHNA and the proposed Sustainable Communities Strategy. The RHNA methodology described in this memo has been supported by the HMC.

II. Background and Present Legislation

The State of California, since 1980 has required each town, city, and unincorporated area to plan for its share of the state's housing need for people of all income levels. This requirement is the Housing Element Law (Chapter 1143, Statutes of 1980; AB 2853) that created the Regional Housing Need Allocation. The statutory objective regarding RHNA requires that two major steps be completed before a city receives its RHNA allocation. First, the California Department of Housing and Community Development (HCD) determine Regional Housing Need Determination (RHND) or total housing need for the state and each region. The total determination is then divided into shares defined by income categories. Each category is defined by the Health and Safety Code (Section 50093, et seq.) Second, the designated regional agencies then distribute this need to local governments. As the Council of Governments for the San Francisco Bay Area, ABAG is this designated regional agency. This allocation process is based on eight-year zoning capacity and does not consider local government constraints.

In addition to AB 2853, the adoption of Senate Bill 375 (Chapter, Statutes of 2008) amends the RHNA schedule. SB 375 aims to integrate land use and transportation planning to reduce transportation-related GHG emissions. The bill requires that all Regional Transportation Plans (RTPs) incorporate a Sustainable Communities Strategy that guides growth into locations that promote alternatives to automobile travel. In the Bay Area, the Jobs-Housing Connection Strategy is the land use element of the SCS. Pursuant to SB375, the Jobs-Housing Connection Strategy accommodates the Bay Area's Regional Housing Need Allocation. Through this process, the region's housing, transportation, and land use planning are aligned. To ensure that the SCS has fully accommodated RHNA, ABAG allocates the pre-determined regional housing need from HCD to local jurisdictions, consistent with the land use criteria specified in the Jobs-Housing Connection Strategy. This land use plan has identified a network of neighborhoods that can accommodate housing over 30 years (see the Jobs-Housing Connection Strategy report, May 2012).

Beyond the requirements specified in AB 2853 and SB 375, the comprehensive Plan Bay Area effort will support RHNA through targeted transportation investments funded under the One Bay Area Grant (OBAG), where funding criteria takes into account past housing production, RHNA allocations, and low-income housing.

III. Overview of the 2014-2022 RHND/RHNA Methodology

HCD: Regional Housing Need Determination

For the 8.8 year period from January 2014 through October 2022, HCD determined that the Bay Area would require 187,990 new housing units. This determination is based on population projections produced by the California Department of Finance (DOF), which also took into account the uncertainty regarding the national economy and regional housing markets. The Housing Element Law requires HCD to help regions increase the mix of housing types among cities and counties equitably by providing growth distributions based on income categories. The income allocation for the region is as follows:

	2014 – 2022 RHNA
Very Low Up to 50 Percent of Median Income	24.8%
Low Between 51 and 80 Percent of Median Income	15.4%
Moderate Between 81 and 120 Percent of Median Income	17.8%
Above Moderate Above 120 Percent of Median Income	42.0%

For this cycle only, HCD made an adjustment to account for abnormally high vacancies and unique market conditions due to prolonged recessionary conditions, high unemployment, and unprecedented foreclosures.

ABAG: Regional Housing Need Allocation Methodology

1. Sustainability Component

Objective: To advance the goals of SB 375, the Sustainability Component is based on the Jobs-Housing Connection Strategy, which allocates new housing development into Priority Development Areas (PDAs) and non-PDAs. By concentrating new development in PDAs, the Strategy helps protect the region's natural resources, water supply, and open space by reducing development pressure on rural areas. This allows the region to consume less energy, reducing household costs and the emission of greenhouse gases.

Process and Factors: Following the land use distribution specified in the Jobs-Housing Connection Strategy, 70% (131,593) of the 187,990 units determined by HCD will be allocated to PDAs and the remaining 30% (56,397) will be directed to non-PDA locations.

2. Fair Share Component

Objective: To achieve the requirements of AB 2853 (the original housing element law) that requires that all cities and counties in California work to provide a fair share or proportion of the region's total and affordable housing need. In particular cities that had strong transit networks, high employment rates, and performed poorly on the 1999-2006 RHNA cycle received higher allocations.

Process and Factors: Fair Share scoring is addressed through the factors listed below.

- i. **Upper Housing Threshold:** If growth projected by the Jobs-Housing Connection Strategy in PDAs meets or exceeds 110% of the jurisdiction's household formation growth, it is not assigned additional growth outside the PDA, which ensures that cities with large PDAs are not overburdened.
- ii. **Minimum Housing Floor:** Jurisdictions are assigned a minimum of 40 percent of their household formation growth but not to exceed 1.5 times its 2007–2014 RHNA. This factor encourages all jurisdictions to produce a fair proportion of total housing need.
- iii. **Past RHNA Performance:** In non PDA areas, the total low- and very-low income units that were permitted in the 1999–2006 RHNA cycle were used as a factor for this cycle. For example, cities that exceeded their RHNA obligation in these two income categories received a lower score.
- iv. **Employment:** In non-PDA areas, the employment was factored using the 2010 job estimates for a jurisdiction. Jurisdictions with higher employment received a higher score.
- v. **Transit:** In non-PDA areas, transit was factored for each jurisdiction. Jurisdictions with higher transit frequency and coverage received a higher score.

3. Income allocation

Objective: This ensures that jurisdictions that already supply a large amount of affordable housing receive lower affordable housing allocations. This also promotes the state objective for increasing the mix of housing types among cities and counties equitably. The income allocation requirement is designed to ensure that each jurisdiction in the Bay Area plans for housing people of every income.

Process and Factors: The income distribution of a jurisdiction's housing need allocation is determined by the difference between the regional proportion of households in an income category and the jurisdiction's proportion for that same category. Once determined, this difference is then multiplied by 175 percent. The result becomes that jurisdiction's "adjustment factor." The jurisdiction's adjustment factor is added to the jurisdiction's initial proportion of households in each income category. The result is the total share of the jurisdiction's housing unit allocation for each income category.

4. Sphere of Influence adjustments

Objective: Every city in the Bay Area has a Sphere of Influence (SOI), which can be either contiguous with or go beyond the city's boundary. The SOI is considered the probable future boundary of a city and that city is responsible for planning within its SOI. The SOI boundary is designated by the county's Local Area Formation Commission (LAFCO). The LAFCO influences how government responsibilities are divided among jurisdictions and service districts in these areas.

Process and Factors: The allocation of the housing need for a jurisdiction's SOI where there is projected growth within the spheres varies by county. In Napa, San Mateo, Santa Clara, Solano, and Sonoma counties, the allocation of housing need generated by the unincorporated SOI is assigned to the cities. In Alameda and Contra Costa counties, the allocation of housing need generated by the unincorporated SOI is assigned to the county. In Marin County, 62.5 percent of the allocation of housing need generated by the unincorporated SOI is assigned to the city and 37.5 percent is assigned to the county.

5. Subregions Shares of the Regional Housing Needs Determination

Napa, San Mateo and Solano counties with the inclusion of all cities within each county have formed the three subregions for this RHNA cycle. These counties are each considering an alternative housing allocation methodology. The share of the RHND total for each of these subregions is defined by the ratio between the subregion and the total regional housing growth for the 2014 to 2022 period in the Jobs-Housing Connection Strategy, which is the same ratio as in RHNA. Napa will receive 0.8%, San Mateo will receive 8.5%, and Solano will receive 3.8% of the region's total RHND.

III. Next Steps

ABAG Adoption of Final Methodology Action to be taken by ABAG Executive Board	July 19, 2012
Draft Allocation Released Action to be taken by ABAG Executive Board	July 20, 2012
Public Comment Period: Revisions to Draft Allocation	Sept. 18, 2012
ABAG Responds to Requests for Revisions	By Nov. 15, 2012
Deadline for Subregions to Submit Final Allocation and Resolution	February 1, 2013
ABAG Adoption of Final Allocation at Public Hearing Action to be taken by ABAG Executive Board	May 16, 2013
Local Governments Adopt Housing Element Revision	Oct. 2014

Appendix A: DRAFT RHNA

Appendix B: SCS-RHNA Methodology Diagram

DRAFT REGIONAL HOUSING NEED ALLOCATION

Updated on May 10, 2012 – For ABAG Executive Board Review

	Draft 2014-2022 RHNA					2007-2014 RHNA Total	1999-2006 RHNA Total
	Very Low 0-50%	Low 51-80%	Moderate 81-120%	Above Moderate 120%+	Total		
Alameda County							
Alameda	473	268	290	669	1,701	2,046	2,162
Albany	86	58	60	132	335	276	277
Berkeley	581	445	578	1,276	2,881	2,431	1,269
Dublin	783	454	442	498	2,177	3,330	5,436
Emeryville	291	224	236	671	1,421	1,137	777
Fremont	1,632	897	945	1,466	4,940	4,380	6,708
Hayward	960	538	632	1,876	4,006	3,393	2,835
Livermore	861	493	518	796	2,669	3,394	5,107
Newark	371	197	186	395	1,149	863	1,250
Oakland	2,523	2,237	2,958	7,658	15,376	14,629	7,733
Piedmont	24	14	15	7	60	40	49
Pleasanton	685	387	393	446	1,912	3,277	5,059
San Leandro	542	281	349	1,023	2,194	1,630	870
Union City	334	193	202	371	1,099	1,944	1,951
Alameda County Unincorporated	440	229	278	699	1,646	2,167	5,310
	10,584	6,916	8,082	17,983	43,567	44,937	46,793
Contra Costa County							
Antioch	338	199	209	679	1,425	2,282	4,459
Brentwood	231	121	121	283	755	2,705	4,073
Clayton	50	25	31	34	140	151	446
Concord	770	433	554	1,672	3,428	3,043	2,319
Danville	194	111	124	126	554	583	1,110
El Cerrito	94	60	66	160	378	431	185
Hercules	217	114	99	249	680	453	792
Lafayette	125	71	78	92	366	361	194
Martinez	122	71	78	196	466	1,060	1,341
Moraga	68	39	46	57	210	234	214
Oakley	311	171	171	509	1,163	775	1,208
Orinda	84	47	53	41	225	218	221
Pinole	77	46	39	125	287	323	288
Pittsburg	367	244	305	1,040	1,955	1,772	2,513
Pleasant Hill	115	68	84	178	445	628	714
Richmond	417	302	400	1,272	2,391	2,826	2,603
San Pablo	52	53	75	267	447	298	494
San Ramon	465	251	252	314	1,283	3,463	4,447
Walnut Creek	594	348	378	906	2,226	1,958	1,653
Contra Costa County Unincorporated	349	205	229	511	1,295	3,508	5,436
	5,039	2,978	3,390	8,711	20,118	27,072	34,710

Note: This draft 2014-2022 RHNA by income category for each jurisdiction is based on the Jobs-Housing Connection Strategy, May 11, 2012. Totals may not add up due to rounding.

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Marin County							
Belvedere	4	3	4	5	16	17	10
Corte Madera	20	11	12	27	70	244	179
Fairfax	15	9	11	25	61	108	64
Larkspur	36	17	20	58	131	382	303
Mill Valley	38	23	24	43	129	292	225
Novato	99	60	68	187	413	1,241	2,582
Ross	6	3	4	4	18	27	21
San Anselmo	30	15	18	42	106	113	149
San Rafael	210	144	181	494	1,029	1,403	2,090
Sausalito	25	14	15	29	82	165	207
Tiburon	23	16	18	21	78	117	164
Marin County Unincorporated	51	31	37	69	187	773	521
	557	346	414	1,004	2,320	4,882	6,515
Napa County							
American Canyon	125	60	62	146	394	728	1,323
Calistoga	7	2	4	14	27	94	173
Napa	215	117	152	383	866	2,024	3,369
St. Helena	8	5	5	12	31	121	142
Yountville	5	2	3	7	17	87	87
Napa County Unincorporated	57	34	35	62	189	651	1,969
	417	221	261	625	1,524	3,705	7,063
San Francisco County							
San Francisco	6,499	4,718	5,452	11,350	28,019	31,193	20,372
	6,499	4,718	5,452	11,350	28,019	31,193	20,372

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San Mateo County							
Atherton	36	26	28	15	105	83	166
Belmont	110	58	66	133	366	399	317
Brisbane	20	11	13	28	72	401	426
Burlingame	261	137	151	427	975	650	565
Colma	19	8	9	34	69	65	74
Daly City	369	174	219	743	1,505	1,207	1,391
East Palo Alto	50	51	88	277	466	630	1,282
Foster City	144	81	65	139	429	486	690
Half Moon Bay	48	31	32	74	185	276	458
Hillsborough	49	28	34	18	129	86	84
Menlo Park	214	128	124	236	701	993	982
Millbrae	178	94	107	299	678	452	343
Pacifica	114	61	68	169	413	275	666
Portola Valley	21	14	14	16	64	74	82
Redwood City	646	405	490	1,243	2,784	1,856	2,544
San Bruno	304	142	188	558	1,193	973	378
San Carlos	166	89	94	180	529	599	368
San Mateo	770	420	498	1,237	2,925	3,051	2,437
South San Francisco	511	240	311	965	2,027	1,635	1,331
Woodside	22	13	15	12	62	41	41
San Mateo County Unincorporated	85	54	63	104	306	1,506	1,680
	4,135	2,267	2,676	6,906	15,984	15,738	16,305
Santa Clara County							
Campbell	224	121	142	420	906	892	777
Cupertino	432	261	275	391	1,358	1,170	2,720
Gilroy	204	157	215	505	1,081	1,615	3,746
Los Altos	162	98	107	108	476	317	261
Los Altos Hills	45	28	31	18	122	81	83
Los Gatos	189	107	131	190	616	562	402
Milpitas	920	497	513	1,255	3,186	2,487	4,348
Monte Sereno	23	12	13	14	62	41	76
Morgan Hill	235	139	168	324	865	1,312	2,484
Mountain View	712	425	480	1,136	2,754	2,599	3,423
Palo Alto	659	420	457	657	2,192	2,860	1,397
San Jose	8,881	5,356	6,337	16,532	37,106	34,721	26,114
Santa Clara	902	608	663	1,640	3,812	5,873	6,339
Saratoga	143	91	102	102	438	292	539
Sunnyvale	1,540	871	870	2,293	5,574	4,426	3,836
Santa Clara County Unincorporated	15	9	11	24	58	1,090	1,446
	15,284	9,200	10,513	25,610	60,607	60,338	57,991

Note: This draft 2014-2022 RHNA by income category for each jurisdiction is based on the Jobs-Housing Connection Strategy, May 11, 2012. Totals may not add up due to rounding.

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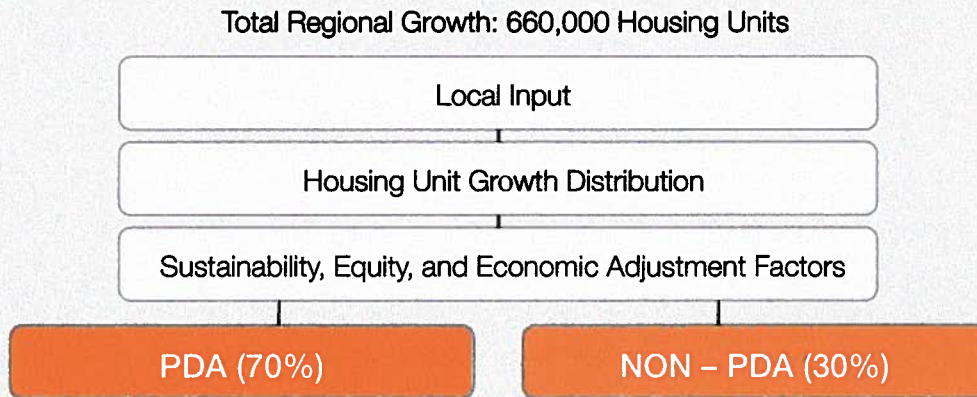
	Draft 2014-2022 RHNA					2007-2014 RHNA Total	1999-2006 RHNA Total
	Very Low 0-50%	Low 51-80%	Moderate 81-120%	Above Moderate 120%+	Total		
Solano County							
Benicia	106	61	65	112	345	532	413
Dixon	56	24	35	82	197	728	1,464
Fairfield	982	511	579	1,524	3,596	3,796	3,812
Rio Vista	19	13	17	55	104	1,219	1,391
Suisun City	119	47	51	152	370	610	1,004
Vacaville	315	148	178	442	1,082	2,901	4,636
Vallejo	318	197	219	626	1,359	3,100	3,242
Solano County Unincorporated	18	10	12	25	66	99	2,719
	1,934	1,011	1,156	3,017	7,118	12,985	18,681
Sonoma County							
Cloverdale	48	34	36	97	216	417	423
Cotati	40	25	17	58	140	257	567
Healdsburg	37	27	27	65	156	331	573
Petaluma	224	121	120	275	740	1,945	1,144
Rohnert Park	231	136	142	444	953	1,554	2,124
Santa Rosa	1,191	679	836	2,155	4,860	6,534	7,654
Sebastopol	28	17	23	53	121	176	274
Sonoma	30	22	30	55	137	353	684
Windsor	139	79	75	163	455	719	2,071
Sonoma County Unincorporated	263	143	169	380	955	1,364	6,799
	2,230	1,282	1,476	3,744	8,733	13,650	22,313
REGION	46,680	28,940	33,420	78,950	187,990	214,500	230,743

Note: This draft 2014-2022 RHNA by income category for each jurisdiction is based on the Jobs-Housing Connection Strategy, May 11, 2012. Totals may not add up due to rounding.

Overview of the SCS-RHNA Methodology

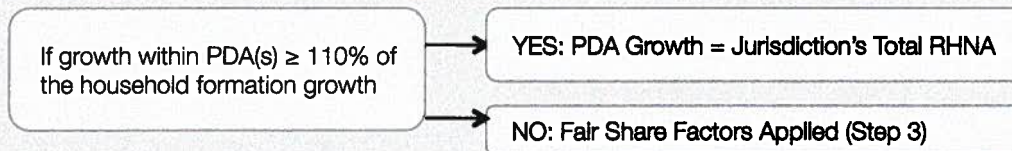
Step 1: Housing Development Potential (2010 – 2040)

(SCS)



Step 2: Household Formation Maximum (110% Upper Threshold)

(RHNA)



Step 3: Fair Share Scoring to Growth in Non-PDA Areas

Takes into account:

- Past RHNA Performance (1999-2006 for very low and low income)
- Number of Jobs (within the jurisdiction)
- Transit Service (coverage and frequency)

Step 4: Household Formation Minimum (40% Lower Threshold)

(RHNA)

Jurisdictions are assigned a minimum of 40% of their natural household formation growth

Step 5: RHNA Maximum and Minimum

Cities: Total housing allocation is capped at 1.5 times 2007 -2014 RHNA

Step 6: Income Allocation Adjustment to Jurisdiction's Total RHNA

For each income category:

